

EXHIBIT 1

INTRODUCTION

Sam Cardelucci is the president of National Environmental Waste Corporation (NEWCO). Mr. Cardelucci and NEWCO (Respondents) made independent expenditures during the June 17, 1997, November 4, 1997, and January 11, 2000 elections. As such, Respondents qualified as an independent expenditure committee triggering specific reporting requirements under the Political Reform Act (Act)¹.

For purposes of this Stipulation, the violations of the Act are as follows:

- COUNT 1: Failure to timely file a late independent expenditure report within 24 hours of making the expenditure during the late reporting period of June 1, 1997 through June 16, 1997, in violation of Government Code section 84204.
- COUNTS 2 - 5: Failure to timely file four supplemental independent expenditure reports for the reporting period of October 1, 1997 through October 18, 1997 on or before October 23, 1997, in violation of Government Code section 84203.5.
- COUNTS 6 - 9: Failure to timely file four late independent expenditure reports within 24 hours of making the expenditures during the late reporting period of October 19, 1997 through November 3, 1997, in violation of Government Code section 84204.
- COUNT 10: Failure to timely file a semi-annual campaign statement for the reporting period of October 19, 1997 through December 31, 1997 on or before January 31, 1998, in violation of Government Code section 84200, subdivision (b).
- COUNTS 11 - 13: Failure to timely file three supplemental independent expenditure reports for the reporting period of November 28, 1999 through December 25, 1999, on or before December 30, 1999, in violation of Government Code section 84203.5.
- COUNTS 14 - 15: Failure to timely file two late independent expenditure reports within 24 hours of making the expenditures during the late reporting period of December 26, 1999 through January 10, 1999, in violation of Government Code section 84204.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

COUNT 16: Failure to timely file a semi-annual campaign statement for the reporting period of December 26, 1999 through June 30, 2000 on or before July 31, 2000, in violation of Government Code section 84200, subdivision (b).

RESPONDENTS: Sam Cardelucci and National Environmental Waste Corporation

SUMMARY OF THE LAW

COUNTS 1, 6 - 9, 14 - 15

Failure to Timely File Late Independent Expenditure Reports

Section 81002 provides that campaigns shall fully and truthfully disclose information regarding receipts and expenditures in election campaigns in order to fully inform the public and inhibit improper practices. The Act established a campaign reporting system to accomplish this purpose.

Section 82031 defines an “independent expenditure” as an expenditure made by any person in connection with a communication which expressly advocates the election or defeat of a clearly identified candidate or the qualification, passage or defeat of a clearly identified measure, or taken as a whole and in context, unambiguously urges a particular result in an election, but which is not made to or at the behest of the affected candidate or committee.

Pursuant to Section 82013, subdivision (b), an independent expenditure committee is any person or combination of persons who directly or indirectly makes independent expenditures totaling one thousand dollars (\$1,000) or more in a calendar year.

A committee who makes expenditures of \$1,000 or more to support or oppose a single candidate or ballot measure during the 16 days immediately prior to the election in which the candidate or ballot measure is being voted on, must file a late independent expenditure report within 24 hours of making the expenditure. (Section 84204, subd. (a).)

COUNTS 2 - 5, 11 - 13

Failure to Timely File Supplemental Independent Expenditure Reports

Section 84203.5 requires candidates and committees, who make independent expenditures of \$500 or more to file independent expenditure reports at the same time and same place where the candidate or committee on whose behalf the independent expenditure was made, would be required to file². Section 84200.5 requires all committees and candidates to file pre-election campaign statements. The pre-election statements are to be filed no later than 40 days before the election for the period ending 45 days before the election and 12 days before the election for the period ending 17 days before the election. Therefore, an independent expenditure committee may need to file supplemental independent expenditure reports 40 and 12 days before the election.

² Section 84203.5 was amended in 2000, effective January 1, 2001, raising the threshold from \$500 to \$1,000.

COUNTS 10, 16
Failure to Timely File Semi-Annual Statement

Section 84200, subdivision (b) requires that all committees formed pursuant to subdivision Section 82013, subdivision (b) file campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31, if they have made contributions or independent expenditures, including payments to a slate mailer organization, during the six-month period before the closing date of the statements.

STATEMENT OF FACTS

Sam Cardelucci is the president of NEWCO. NEWCO held municipal contracts as a rubbish hauler with the City of Riverside.

COUNT 1
**Failure to File Late Independent Expenditure Report
June 17, 1997 Election**

Measure EE, concerning street lighting, was on the ballot for the June 17, 1997 Riverside City election. For this election, the late reporting period was June 2, 1997 through June 16, 1997. Any candidate or committee that made an independent expenditure during this reporting period was required to file a late independent expenditure report within 24 hours of making the expenditure.

On June 20, 1997, Respondents filed a late independent expenditure report disclosing that they had made an independent expenditure of \$3,366.15 in opposition to Measure EE on June 11, 1997. The expenditure was for a newspaper advertisement expressly advocating the defeat of Measure EE. Respondents should have filed the late independent expenditure report on June 12, 1997, disclosing the expenditure of \$3,366.15, and their failure to file the report until June 20, 1997, constitutes one violation of Section 84204.

COUNTS 2 - 5
**Failure to Timely File Supplemental Independent Expenditure Reports
November 4, 1997 Election**

For the November 4, 1997, Riverside City election, the first and second pre-election reporting periods for candidates and committees were July 1, 1997 through September 20, 1997 and September 21, 1997 through October 18, 1997, respectively.

On September 28, 1997, and October 12, 1997, Respondents made independent expenditures totaling \$2,911. The expenditures were for two newspaper advertisements each expressly advocating the defeat of four candidates for the Riverside City Council. Since these expenditures exceeded \$500 per candidate during the second pre-election period, Respondents should have filed four supplemental independent expenditure reports with the Riverside City Clerk no later than October 23, 1997. Respondents filed the reports on December 4, 1997, 30 days after the election, in violation of Section 84203.5.

COUNTS 6 - 9
Failure to File Late Independent Expenditure Reports
November 4, 1997 Election

For the November 4, 1997 election, the late reporting period was October 19, 1997 through November 3, 1997. According to Respondents' late filed campaign statements, Respondents made independent expenditures in opposition of four candidates for Riverside City Council in excess of \$1,000 during the late reporting period. Respondents were therefore required to file late independent expenditure reports as follows:

COUNT	DATE	DESCRIPTION	CANDIDATE	AMOUNT
6	11-3-97	Newspaper Ad	Ameal Moore-oppose	\$1,150
7	11-3-97	Newspaper Ad	Maureen Kane-oppose	\$1,150
8	11-3-97	Newspaper Ad	Terri Thompson-oppose	\$1,150
9	11-3-97	Newspaper Ad	Ronald Loveridge-oppose	\$1,150
Total amount of Late Independent Expenditures not timely disclosed:				\$4,600.00

Respondents' failure to file four late independent expenditure reports during the late reporting period constitutes four violations of Section 84204.

COUNT 10
Failure to File Semi-Annual Statement
November 4, 1997 Election

Respondents were required to file a semi-annual campaign statement for the period covering October 19, 1997 through December 31, 1997. This statement was due on or before January 31, 1997, and would have disclosed all of the independent expenditures made following the close of the pre-election reporting period as itemized in Counts Six through Nine above.

Respondents' failure to file a semi-annual report for the period ending December 31, 1997, constitutes one violation of Section 84200, subdivision (b).

COUNTS 11 - 13
Failure to File Supplemental Independent Expenditure Reports
January 11, 2000 Election

For the January 11, 2000 election, the first and second pre-election reporting periods for candidates and committees were January 1, 1999 through November 27, 1999, and November 28, 1999 through December 24, 1999, respectively.

On December 19, 1999 and on December 20, 1999, Respondents made independent expenditures for newspaper advertisements and mailers advocating the defeat of a candidate for Riverside City Council and supporting two other candidates for Riverside City Council. The expenditures were made as follows:

COUNT	DATE	DESCRIPTION	CANDIDATE	AMOUNT
11	12-19-99	Newspaper Ad	Jack Palamarez -support	\$ 1,381.90
	12-19-99	Mailer	Jack Palamarez – support	\$ 2,571.68
	12-20-99	Mailer	Jack Palamarez – support	\$ 938.25
12	12-20-99	Mailer	Ed Adkinson – oppose	\$ 1,190.95
13	12-19-99	Newspaper Ad	Greg Kraft – support	\$ 1,381.90
	12-19-99	Mailer	Greg Kraft – support	\$ 938.26
	12-20-99	Mailer	Greg Kraft – support	\$ 2,685.00
Total amount of Independent Expenditures not timely disclosed during the Supplemental Independent Expenditure Reporting Period:				\$11,087.94

Since these expenditures were made during the second pre-election period, and were in excess of \$500, Respondents should have filed three supplemental independent expenditure reports with the City Clerk no later than December 30, 1999. Respondents filed the reports on January 28, 2000, 17 days after the election, in violation of Section 84203.5.

COUNTS 14 - 15
Failure to Timely File Late Independent Expenditure Reports
January 11, 2000 Election

For the January 11, 2000 election, the late reporting period was December 26, 1999 through January 10, 1999. A candidate or committee that makes a late independent expenditure, shall file a late independent expenditure report within 24 hours of making the expenditure. (Section 84204, subd. (a).)

On January 28, 2000, Respondents filed late independent expenditure reports disclosing that the following late independent expenditures:

COUNT	DATE	EXPENDITURE	CANDIDATE	AMOUNT
14	12/31/99	Newspaper Ad	Jack Palamarez – support	\$751.58
	1/10/00	Newspaper Ad	Jack Palamarez – support	\$401.06
15	12/31/99	Newspaper Ad	Laura Pearson – oppose	\$501.05
	12/31/99	Newspaper Ad	Laura Pearson – oppose	\$751.58
Total amount of Late Independent Expenditures:				\$2,405.27

Respondents should have filed two late independent expenditure reports within 24 hours of making the contribution disclosing the expenditures and their failure to do so constitutes two violations of Section 84204.

COUNT 16
Failure to File Semi-Annual Campaign Statement
January 11, 2000 Election

For the January 11, 2000 election, a semi-annual statement for the period of December 26, 1999 through June 30, 2000, should have been filed no later than July 31, 2000. The statement would have disclosed all independent expenditures made following the close of second the pre-election reporting period on December 25, 1999.

Respondents' failure to file a semi-annual report for the period ending June 30, 2000, constitutes one violation of Section 84200, subdivision (b).

CONCLUSION

During the June 17, 1997 election, Respondents failed to disclose independent expenditures totaling \$3,366.15. For their failure to timely file campaign reports for expenditures made during the June 17, 1997 election, Respondents were fined \$80 by the local filing official. Respondent Cardelucci included with the late filing a letter in which he stated that he was unaware of the requirement to file disclosure forms in conjunction with his advertisement, stating that his failure to file the forms was an oversight and that he was "not attempting to skirt the system."

During the November 4, 1997 election, Respondents failed to timely disclose independent expenditures totaling \$7,511. For their failure to timely file campaign reports for expenditures made during the November 4, 1997 election, Respondents were fined \$900 by the local filing officer.

During the January 11, 2000 election, Respondents failed to timely disclose independent expenditures totaling \$13,493.21. For their failure to timely file campaign reports for expenditures made during the January 11, 2000 election, Respondents were fined \$1,100 by the local filing officer.

As evidenced by the continued failure to timely disclose independent expenditures, Respondents exhibited a total disregard for the disclosure requirements of the PRA, even after being fully and repeatedly informed of those requirements.

Respondents did not identify themselves as the source of the newspaper advertisement opposing the passage of Measure EE (street lighting initiative) during the June 17, 1997 election, on the advertisement itself. Therefore, the public did not know who paid for the advertisement.

Respondents identified themselves on all of the newspaper advertisements and mailers during November 4, 1997, and January 11, 2000 city council elections, as the source of the advertisements and mailers.

Respondents have paid a total of \$2,080 in fines to the local filing official for their failure to timely file the campaign statements.

This matter consists of sixteen counts, which carry a maximum possible penalty of Thirty-Two Thousand dollars (\$32,000).

The facts of this case justify imposition of the agreed upon penalty of Sixteen Thousand dollars (\$16,000).